THE CREDIT WORLD

BALANCED BUSINESS

THERE must be the most perfect co-operation between the two fundamental factors in business — Credit Policy of the Banking System, and Management Policy of Industry — to promote commercial stabilization. Credit extended for Consumer Business Development promotes prosperity.

AUGUST, 1931 Vol. XIX No. 12

The
CREDIT WORLD
Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

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This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association; in all other respects the Association cannot be responsible for the contents thereof or for the opinions of writers.

CHANGE OF ADDRESS: A request for change of address must reach us at least one month before date of the issue with which it is to take effect. Duplicate copies cannot be sent without charge to replace those undelivered through failure to send this advance notice. With your new address it is absolutely essential that you also send us your old one. Entered as second-class matter at the post office at St. Louis, Mo., under the Act of March 3, 1879. Published monthly at 1218 Olive Street, St. Louis, Mo. Subscription, $2.00.

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PROMOTING CREDIT SALES

EDITORIALS « By D. J. WOODLOCK

THE retailer today is doing everything in his power to keep up his sales volume, price reductions and special sales are following in rapid succession in order to attract customers.

What is the credit manager doing to keep up the sales in his department?

It is a serious problem, as thousands of persons who a year ago were considered good credit risks are no longer entitled to a charge account. Thousands who had large "limits" have had their buying ability reduced because of decreased earnings, and there is an economic change taking place which means the consuming public is spending wisely. We have acquired a new respect for money, even the nickel despised for the past ten years has again become currency.

During the "peak" period it was not a hard matter to make sales or increase credit accounts, because most everyone had money, but now the ability to buy has been reduced and the number of prospects for charge accounts greatly diminished, so it is necessary for the credit manager to "merchandise" his department in order to attract to his store the charge business of desirable credit risks. The credit office must be "dressed up" and the credit man should shed all details so as to spend more time in analyzing his present customers accounts and soliciting new ones. Personal contacts of a friendly nature do more to tie customers to the store, as permanent month-after-month buyers than anything else. A five-minute chat with your customers is worth more than a full-page advertisement.

Retailers who are taking "mark-downs" in every merchandise department of their stores should take the same "mark-down" in their credit department, but it must be a "mark-up" on promotional expense. This sounds paradoxical, but our experience in credit work, covering twenty-five years, has demonstrated conclusively that money spent in developing the credit department is a profit-yielding investment, because the customers you develop in that department are your dependable clientele. They buy in your store month in and month out, because they have a charge account. They are not purchasers of only sales goods, but consistent profitable buyers. Under present conditions cash customers are more than ever bargain hunters, purchasers of advertised and non-profit items, while your charge customers if selected carefully are consistent buyers, regardless of special inducements.

It appears to us that now is the time for every merchant to contact his credit manager and give him sufficient help and sufficient latitude so he can shed himself of detail and become a business promoter to those worthy of credit. Get the viewpoint that the credit department is a producing department which stands by you during adversity as well as prosperity.

There are still thousands of persons who have the income and financial resources to class them as good credit risks and the wise retailer is the one who authorizes his credit manager to get these people on his books and make them friends of the store.

The credit manager must get out of the shrinking violet class and make these facts known to his store officials. He must have the time and equipment to meet present-day conditions.

Remember, retail credit is still the backbone of American business and has promoted sales to enable the retailers to survive the uncertainty of the present market and will continue the most important feature of the retail business just so long as we appreciate its possibilities and safeguard it.

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The CREDIT WORLD

This magazine has been published as the official organ of the National Retail Credit Association for the past eighteen years. It is the personal magazine of each member and through its pages we bring to you, up-to-the-minute information on the trend of retail credit.

A year ago we developed the idea of making it appeal to those outside of our Association. We dressed it up in colors and changed its editorial policy at a considerable increase in publication cost, but found the new arrangement was not popular with our members. There is an almost universal demand for a return to the strictly Association magazine.

We feel it our duty to satisfy the majority of our membership, and therefore, beginning with the September issue, your Manager-Treasurer will take personal charge of The Credit World and with your co-operation make it the kind of publication you want, filled with articles on changing business conditions, new methods, short cuts, collection ideas, short and snappy, so he who runs may read.

Every member is considered a corresponding editor and invited to send in news items of interest. As all knowledge is based upon an exchange of ideas, we feel sure you will approve this plan and not alone read every page of your magazine but help your fellow members by contributing worth-while articles for publication.

HAMILTON RESIGNS

Mr. Frank C. Hamilton for the past year, Director of Public Relations of the National Retail Credit Association and Editor of THE CREDIT WORLD has resigned, effective September 1, 1931.

Mr. Hamilton worked faithfully and well, brought to our members the value of educating the consumer to pay promptly.

It was with much regret the Board of Directors accepted his resignation from our official family.

D. J. WOODLOCK.

Woodlock Again Editor of the Credit World

We feel sure our entire membership will be delighted to know that with the resignation of Frank C. Hamilton, who for the past year has been Editor of THE CREDIT WORLD, Mr. D. J. Woodlock, our Manager-Treasurer, and for fifteen years Editor of our monthly publication, will again assume full charge of the magazine, becomes its Editor and dictates its policies.

Mr. Woodlock's duties as Manager-Treasurer of an association of 18,000 members allows him little time for editorial work, but at his own request he is taking over the work which we feel sure will bring to you every month a magazine filled with just the information you desire.

G. H. HULSE,
Secretary.

New Standards FOR AN Old Profession

BY

R. P. CONNALLY, General Manager, The Emporium
San Francisco, California

FIRST, I would use the words of Joseph H. Willits, professor of industrial management, University of Pennsylvania, and say that credit administration is no longer the morganatic wife of business management. Business management, if you will, has done the right thing by the lady. No longer is credit administration a by-blow of business management. It has become, and I think perhaps this is the most significant aspect of the progress made in the profession during the past ten years, an integral part of operating business management, to be tested by exactly the same standards as any other part of business management. It is built into the line organization and is not merely a sideshow.

Let me emphasize the significance of this point I have just made. By making the first point that credit management has become merged into business management, and is a part of the operating organization, I have put myself in a position to discuss not credit management in the narrow sense, but credit administration in its broadest sense; that is, the credit problems of business management as a whole.

My next generalization also grows out of the first statement which I have made—the fact that credit administration if a part of operating management; the second generalization is the pertinent fact that credit management is becoming more scientific, meaning that management, all management, including credit management, is becoming more critical of itself. As it becomes more analytical, as it increases its factual foundation, so inevitably does it tend to become more critical.

I suspect (I do not know) that this may be the thing which distinguishes the management of American industry from a good deal of European management more than any other single thing. Certainly it is true that most institutions which society sets up to survive fail because they die at the top. A group gets into control, and it is more interested in preserving its own power than in opening the way to genuine capacity.

There are many cases to the contrary. I believe it is true that as a result of the constant critical analysis that is going on, management is seeking now, in the broad as never before, to improve itself and to keep itself renewed and young.

Since we are dealing in the broader aspect of credit management, let us for a moment discuss some examples of this new credit management. May we take the changing viewpoints of the banker as our first thought.

In the final analysis practically all of us borrow money for operating purposes. The banker has always accepted our merchandise and book accounts at a value arrived at by a formula of his own. He has never required a thorough analysis of our accounts receivable.

My impression is that more modern and scientific banking management which is coming will set a standard for accounts receivables which will force all merchants to set up a formula for writing off accounts that today in most cases are written off by hunch, rule of thumb, personal opinion, or what have you, at such time and under such conditions as the merchant sees fit. This standard will apply to all of us.

The management of public corporations operating retail distributing units, and not writing off their accounts receivable on a definite impersonal formula, are in my opinion not living up to the responsibilities entrusted to them by the public.

Here is a definite job for our retail credit bureaus over the nation, and, with the banker's help, it should be possible for them to standardize this write-off formula for their respective

communities, and thereby do a real service for their community. If credit people do not initiate this, in my opinion the banks will.

A second thought having to do with modern credit management is that small loans have become a definite part of our daily life: Morris Plan, building and loan, finance companies, and so-called legitimate banks, are studying this problem. Therefore, a consideration of the place of small loan business in retail credits is in order while we are discussing credits generally. The conclusion is drawn that the new type, if you please, of properly constituted and properly conducted financial institutions serve the credit need of the family and the small business man, just as the old type of properly constituted and properly conducted financial institutions furnish a like need and value to large scale business. Inasmuch as maintenance of active purchasing power by the vast majority of the country's population of moderate means is essential to the support of retail trade, which in turn is reflected in stimulation of the nation's commerce and industry, and since active purchasing power is dependent upon ready resources of the purchaser to make useful purchases on an advantageous basis, the judicious extension of credit to the 85 per cent of the nation's population that does not possess the usual bankable credit is among the most important pillars of our economic structure. It is, therefore, a major element in maintaining the permanent prosperity of the nation.

A third modern credit management study might have to do with some of the larger department stores of our nation who are following the European custom of selling any item in their place of business on the installment plan, and the past few years have seen two notable developments along different lines. One where the store finances the institution itself, and the other where the so-called standard bank sets up an office in the store and sells certificates for small amounts, from a few dollars up, on a weekly payment basis.

These certificates are used as cash in the store. The store collects on the certificates from the bank, but retains a contingent liability for the account until paid to the bank. Where a bank handles this service the store receives one-third of the nominal interest and service charge—this in turn taking care of any accounts that are not collected by the bank. Undoubtedly this form of credit will grow, must be recognized and met by present-day bureaus and credit men.

Another form of credit operation which is seriously looming on the horizon is the formation of credit finance companies by a group of competitive stores co-operating in a given community.

In every community each store is running a credit department which practically parallels relatively every other credit department in the work done and in the economic cost.

For instance, ten stores maintain ten extensive staffs—ten stores carry outstanding balances all out of proportion of the people to pay—ten stores are paying for information in many cases about the same person—ten stores send out statements monthly, a great percentage of which are duplicates—ten collectors are after an account, etc.

Many customers are playing one store against the other, and keeping a $50.00 credit they are entitled to running nearer $500.00 than $50.00. The final outcome is ten stores borrowing possibly ten million dollars to carry outstandings, when at most five million should be amply sufficient and losses therefore accordingly 50 per cent to 60 per cent less—with over all an enormous saving in expense of operation and collection.

The theory advanced by the believers in this plan is very logical and sound, and credit men should keep an open mind for this or any other new theory expressed. We are living in a progressive world, and the old saying, "In order to stay where you are, you must keep moving," applies in credit management just as elsewhere in business.

Now, if we are agreed that general management has taken credit management in as a partner and not as a necessary nuisance, and further we have agreed that credit management is willing to face the broad aspects of credit management as exemplified by the foregoing paragraphs, then we arrive at the proper place of credit management in the organization, and can very readily agree to the theory of placing the credit manager on an equal footing with the general merchandise manager—the superintendent—the controller and the publicity director.

In the smaller organization he becomes the partner of the general management, and helps to make general management politics.

Please do not understand that I feel many credit men have reached this stage, but, in my opinion, it is the ideal standard for credit men, and one that will be recognized by an intelligent and progressive general management just as rapidly as the credit manager can broaden his viewpoint and develop his thinking to justify the privilege.

It is usually desirable when setting up ideals and standards as I have done in the preceding paragraphs to suggest ways of reaching them.

May I suggest three that are merely examples of what general management would expect today of credit men who are capable of sitting as their partners:

1. Credit can be merchandised just as well as real goods can be merchandised, and by this I mean the credit office can be one of the best sales promotion offices in the store—it can be neutral as most of them are, or it can be a drag on sales promotion as some of them are, or it can be very valuable from a sales promotion angle as few of them are.

A sales promotion campaign developed by the credit manager to, first, retain present accounts; second, sell present accounts more, and third, open new accounts—would be merchandising credit.

2. Under ideal credit management comes the public relations contact which I am free to say

I do not think most credit men understand very well, and practically none apply efficiently. The reason for this is that it is a study and has a technique all its own. Your National Retail Credit Association has tried to help on this, but in my opinion has been unable to do very much for you through your apparent lack of interest.

The best examples of this problem are two large corporations who have done the job most successfully and made much money from it. They are the Statler Hotels Company and the Commonwealth Edison Company. The public relations manager of each can write books on his work, and, to understand this highly specialized subject, most credit men must almost make a year's study of it along with their regular routine before feeling they have even a clear conception of what it is all about, to say nothing of applying the principles involved.

A third example of what general management would expect of the partner type of credit man would be his ability to do a more efficient operation at a lower cost than has been customary for the past few years.

All retail distribution costs must come down, and the ideal credit man will bring his down.

There is not a single credit department represented in this group that cannot be more efficiently and less expensively operated if the credit manager is broadminded and willing to find the ways and means. In most cases if he does not, his general management or store owner will, and thus he is not of the ideal partner type, but still the subordinate type.

Now that we have expressed the above picture of what *should be done,* may I express what in my opinion is *the practical* answer to this credit problem.

1. General management is getting back into the details of the business and spending less time in so-called executive work, golf, week-ends off, etc.

2. Price lining and complete stocks, turning over rapidly, have been accepted by all good merchants as fundamentals.

3. More and better training for salespeople and more so-called bull's-eye advertising for business at a profit has become uppermost in the selling consciousness of most merchants. Volume is not uppermost as has been the case for the past ten years. The old 10 per cent formula is gone.

4. Co-operation with competitors has, for the energy expended, made more money for merchants in the past two years than any other activity they have participated in. This applies in those cities where such co-operation has been brought about. I might cite for example, Pittsburgh, St. Louis and San Francisco. This co-operative work may have to do with a great number of things, some of the outstanding ones being donations, returned goods, group delivery and credit.

With the four above paragraphs as a background, may be discuss for a few moments the credit situation from a co-operative angle, and my idea of the practical answer.

(a) General management must take a much greater interest in credit management as such and recognize its relative standing in the complicated machine of business.

(b) Credit management must constantly attempt to sell general management on the stabilization of retail credit through bureau co-operation. This has to do with competition in terms, credit control through the bureau, centralization of all collections through the bureau, and, in fact, the centralization of all credit activities in the bureau.

(c) Credit management must get a new sense of responsibility. It must forget the past and be reborn. It must have a real respect for the bureau and feel that it is probably the only solution to most of its credit problems. In addition, it must be very mindful of changing conditions in the credit world, and be willing to adopt new thoughts and practices as fast as the other divisions of business have been forced to do.

(d) And last, there is a need for a coming group of broader-minded credit men. Like the parent and the child, none of us are satisfied to have our children reach only the distance in life which we have reached. You as credit managers should definitely be interested in the development of a newer generation of credit men who can do all of your work much more efficiently than you have done it, and be able to look back in ten years from now and feel that great progress has been made.

This necessitates, among other things, the teaching of credit in the colleges and universities of the country. Today practically all branches of business are taught in the colleges, but credit has for some unknown reason been definitely overlooked. It is touched on in a great many courses, but nowhere is it given the amount of time, attention and respect that other major branches of business are given.

I feel that it is definitely the duty of such a group as this, plus the National Association, to see that proper respect is given to credit in the universities and colleges of the country.

Finally, may I sum up all of the points mentioned previously by saying that credit management has before it a new dawn and a new field yet untouched which is eagerly waiting for leaders to take the part which their ambition and intelligence entitle them to; to direct their energies in such a way that general management will recognize them as partners and not as employees.

In this group are many men capable of becoming the ideal credit manager which I have presented to you, and my most sincere hope to each of you is that you will accept the challenge and place yourself where general management would like to see you placed.

Collection Methods— Effective and Tactful

An Address Delivered Before the Pacific Northwest Conference by E. E. Mc Intyre, Credit Manager, Mc Goldrick-Sanderson Co., Spokane, Washington.

THERE is absolutely nothing new under the sun in collecting accounts, each credit executive feeling that he or she has the best methods for collecting. Therefore I have nothing new to offer you. My problem was the assembling of information as to the collecting of accounts, tactfully and effectively, and the sifting and presenting of this information before you today. This was done from various business classifications from the Mississippi West. Many methods were studied from those of the great department store to the small corner retailer. I even obtained some good pointers from Amos 'n Andy. It was significant to note that the smaller the store studied the greater the need for new and better methods.

One of the most striking statements came from a large firm who stated that there was no mystery in the collecting of accounts—either in the North, South, East or West. Ladies and gentlemen, I disagree with that statement since the ideal method of handling collections has not yet been found and still remains an unsolved problem.

The title, "Collection Methods, Effective and Tactful," or to paraphrase it, "Getting In the Money, Effectively and Tactfully," would indicate that it does not contemplate the methods used by collection agencies and has to do merely with the collection of accounts by the credit department of the store. I will not therefore enter into collection agency procedure. In addition I believe that collection agency procedure was discussed at a previous conference.

Collection Methods, Effective and Tactful. As one large owner said, "Collections are not effective if they are not tactful," but the great danger is the immersion of the credit man in his own tactfulness until he reaches the point of ceasing to be effective, to the fear of offending the customer outweighing his or her common sense.

For logical presentation we will consider "effectiveness" from the store's angle and "tactfulness" first from the store's angle and then from the customer's. We will now approach effectiveness from the store's angle and bear this in mind.

My investigation of methods shows a certain lack of machinery to create this effectiveness and a great lack of efficiency and training on the part of the credit department. Remember that old saying that we are all accidents. Coming up from the ranks of clerks, bookkeepers and the like until in recent years the only means of obtaining this efficiency was through experience.

I also met some reluctance on the part of management to provide sufficient trained help to handle the work of the department. And I also met the tendency under sub-normal business conditions towards curtailment of the staff of the credit department in the same manner as the sales staff, just when the most pressure and the highest type of methods are needed.

I also found a certain uneffectiveness due to the enormous volume handled over the desk of the average credit man, making him unable to give the proper attention to the collection and handling of accounts that he should. I might say that this also extends to the assistants as well.

Now, let us discuss the mechanics. This will benefit the smaller retailer over the department store (and it is needed more) for the reason that the great stores systems are built up over a period of years. Remember that there is also a certain unwillingness on the part of the small store to change policies to meet changing business conditions.

The mechanics necessary are:
Credit control.
Collection control.
Collection follow-up.

In connection with credit control I wish to quote the Bureau of Business and Government Research of the University of Colorado, who lays down the following principles:

"1. Extend no credit until the financial rating of the applicant has been investigated through personal interview, supplemented by information obtained from the local credit bureau at all times.

2. Explain clearly the terms and conditions upon which your store grants credit, that is, the amount granted, and when payments are due.

3. Send statements promptly and have a definite schedule of action which is rigidly adhered to. If payment is due on or before the 10th of the month, a reminder that the account is overdue should be sent out shortly after.

4. Fix a definite date on which collection effort is to be started upon all customers who are still delinquent.

5. Fix the final date on which the credit will be withdrawn and so notify the delinquent customer.

6. Follow a definite system in an effort to collect delinquent accounts before turning the account over to the collection agency.

7. Keep a constant check on the operation of your credit business, using the following percentage figures:

(a) Ratio of accounts receivable to total credit sales.

(b) The collection percentage, or the proportion of accounts collected during the month to the outstanding accounts at the beginning of the month.

(c) The ratio of bad-debt losses to total sales or credit sales."

My survey revealed a great lack of definite credit control. Some firms had none except the poring over of their receivables, pouncing upon the delinquent account here and there and then forgetting it.

Some employ many clerks segregating the receivables that are past due, writing form letters to the dictates of these clerks and sending the more flagrant accounts to the credit man or his assistants.

Another method used is the listing of all past due accounts on the first of each month, giving the credit department something on which to proceed with collection.

When the step is carried this far, however, let us consider what, in my personal opinion, is the most complete and comprehensive plan for credit control. This plan is used by one classification whose representatives number some 500 and is considered the largest of its kind in America other than the great chain organizations.

Let us refer to example 1, below.

Your first reaction, no doubt, is that this plan is unworkable in stores having 10, 15, 20, or 25,000 accounts? I would answer by asking you this: Is your postage item upon your statements a prohibitive cost?

This plan is used by these five hundred retailers with absolute basic control at a cost of 18 cents per year per account, while the postage cost is 24 cents. This plan contemplates the listing of all receivables with the proper distribution of each balance to the month of delinquency.

An examination of the example in detail shows some startling facts regarding the attitude of customers. Let us take the first name that of Anderson. The account shows a complete lack of understanding of terms and requires drastic action. The second name shows the typical 30-60 day account in good standing, while number three shows the regular 30-day account, neglected during March. The fourth account indicates that action is necessary to keep from the 90-day class. It also shows that the customer probably realizes the status of the account and is afraid of making further commitments. So each account upon your ledgers under this system can be analyzed and grouped for systematic procedure. Then, too, the use of this form of listing of accounts gives some very valuable figures. You will note from the example that 6.4 per cent of the total is 90 days delinquent, 26.8 per cent is 60 days, 30.1 per cent is 30 days, 24.1 per cent is current, while 12.7 per cent is not due. Think of what value these percentages are when comparing your outstandings from month to month or with the same months last year! The advantages of the use of such a system are:

That it gives a complete four month history of each account.

It forms an adequate basis of collection procedure.

It forms a definite basis of follow-up.

It gives complete control for the adjustment of the firm's credit and collection policy as business conditions warrant or demand.

It makes statistics available by comparison with the previous month or the same month last year which are of extreme importance in gauging the progress or regress.

Armed with such a segregation the next step is to have a definite plan of follow-up. The lack of this is the greatest stumbling block of the credit department to effective collections. The proper system, if a letter or 'phone call is used or other action taken, must reveal in chronological order, the need for subsequent steps if no results are obtained.

This is accomplished by the use of the form marked Example II upon the chart. (A copy of this is given below.)

Example No. 2

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

NAME Anderson, Chas W.

ADDRESS 774 Superior St.

DATE		ITEM	FOLIO	DEBITS		✓	CREDITS	DATE	ITEM	BALANCE	
5	1	90		20	58						
		60		22	33						
		30		34	86						
		Curr		43	65					141	42

Example No. 1

OUTSTANDING ACCOUNTS
MONTH ENDING APRIL 30TH, 1930

Name	Total Owing	Not Due	Current	Past Due 30 Days	Past Due 60 Days	Past Due 90 Days
Anderson, Chas. W.	$121.42		$43.65	$34.86	$22.33	$20.58
Barrett, Thos. V.	60.00	$40.00	20.00	....	....	....
Charles, Bert M.	18.65	....	12.65	6.00	....	....
Day, Wm. W.	116.30	....	....	54.10	62.20	....
	$316.37	$40.00	$76.30	$94.96	$84.53	$20.58

On this is listed the accounts falling sixty and ninety days past due (as per example No. 1). An examination of the form shows the balances as they appear upon the outstanding sheet, with the name and address, are listed on the front, while a small metal tab is used for designating the day on which the account is to be followed up. The cards are maintained in alphabetical order while the metal tabs form the chronological index. With this follow-up in action the next step is procedure.

This is governed entirely by the class into which the account falls. Volumes have been written upon the effectiveness of this series of collection letters, that kind of telephone approach, the merits of this sticker or that rubber stamp but this is where the credit executive's judgment enters entirely. One executive appears to believe in mental telepathy to some extent for he stated that some money would always come in and that concentration upon an account often had brought in a check. The subject of letter material and construction will be taken up in a later section.

We will now discuss tactfulness—first from the customer's angle and second from the angle of the store. Some of the conditions requiring tact are:

The fact that not only do we compete for the customer's business through our sales departments *but we compete for his money* through our credit and collection departments.

There is also the question of the community, house or credit policy. In connection with the community credit policy let me quote our old friend, Ralph W. Watson, who, as president of the National Retail Credit Association several years ago, visited some eighty cities, said: "In my opinion the only credit policy in general use was that the merchant would meet all competition, no matter how ruinous."

There is also the question of whether the business is highly competitive or non-competitive.

In addition there is the value of the customer to the store and in this connection I will quote the estimate of the executive director of the National Association of Retail Clothiers and Furnishers: "The average value of a customer on the books of a clothing store is from $85 to $150 per year. This compares with his estimate of $362 per year to a department store, $236 per year to a lady's cloak and suit store, $35 to $68 per year to a shoe store and $87 to a furniture store, after the customer has made his main purchases and has furnished his home.

Classification also enters as a factor necessitating tact, that is to say, slow turnover—long profit versus fast turnover—short profit merchandise. With these factors on the part of the store let us consider it from the angle of the customer.

The first requisite of tact is courtesy and consideration for the rights of others. Next there is the classification of the debtor into what we might term as the chief reasons for non-payment. They are carelessness, actual commitments in excess of income, thinks he cannot pay, dishonest intentions.

If your collection procedure is set up in the proper graduating scale from mild means to extreme, the debtor can be quickly classified according to these terms.

With these known factors on the part of the store and the customer the proper procedure is a question of judgment on the part of the credit executive. Let me give you some antidotes for the handling of these classifications:

Carelessness	Stressing of terms.
Commitments in excess of income	Reduction of limits.
Belief	A general appeal to three great factors, HONESTY, PRIDE and FEAR.
Intentions	Outright collection methods.

Most delinquents fall into the third class who *think* that they cannot pay. Then it is the credit executive's job to appeal to the three factors just mentioned which are main appeals: To his sense of fairness (honesty), to pride in his standing in the community, and to his fear of consequences through more drastic action. These appeals are handled, of course, mainly by letter or telephone.

Since effective letter writing is the greatest problem of the credit department let us consider the fundamentals: The collection letter's task of bringing back definite commitments from the debtor is the hardest possible job. It has to do all that a salesman does but is dumb before its readers. A salesman is not dumb as he faces the prospect. He can reply to objections and introduce new arguments to fit the individual case but the letter cannot do this.

It must hold up its message to be read and cannot answer fresh objection with fresh argument, but must adjust its message to the average man and risk its success upon this cold law of averages.

It likewise cannot take advantage of individual appeals which are perhaps of great importance, but the credit executive must learn to present these as far as is possible in his letters. Remember, however, after presenting they cannot be changed with the mood of the debtor.

Nine out of ten letters are full of commonplaces and generalities, but all letters seeking the reader to act must have weaved into them two things, first, *the correct motive for impelling action* and, second, *an impulse to start that motive working*. But, even if the collection letter has both of these as well as other necessary and well known elements, unless it starts off with an interest-attracting opener and a strong action-impelling clincher the chances of its success are doubtful.

Above all the collection letter must be frank, must get the money and retain good-will. It must not lose business but must "pull." The most successful letters never appeal to the need for money but is written from the "you" angle Get on the customer's side of the desk and present the "your interest and mine" angle.

With these points in mind, remember that most people want to pay and no one is dishonest until proven so. Do not resort to threats or severity until demanded by the case. A debtor hardened, however, or aggravated by "give-me-my-money" methods will be greatly surprised if a personal understanding is shown. A cordial

willingness to reason gets money in the majority of cases over threats. Likewise an understanding of terms on the part of the debtor is far more effective than later threats.

Do not ask payment as a favor, require it as your right.

The use of lax methods educate the customer to take his time in payment. If your collection percentage is poor, examine yourselves and your policies, the chances are you are to blame for the delinquencies. Also remember that courtesy has a distinct value. No head of a department or a firm can have a courteous force when he is the antithesis of courtesy. Institutional courtesy starts at the top.

Finally, stand by either your statements or your threats. Don't whine, you will be shown no sympathy.

Now here let me say that we all have our pet collection stunts and I am no exception. At this time I wish to present one of my own. It is used where the debtor is known to the credit executive or has had some contact. I use my business card, writing a short pointed message in my own handwriting upon the reverse and enclose it in an envelope just fitting the card. This looks like a wedding or birth announcement and is always opened. The envelope is addressed in a strictly social manner, never using the word "city" but always writing the name of the city in full (as in our case "Spokane, Washington") and carries no return. This has proven very effective to our own knowledge when I tell you that I have collected from some very prominent people in Spokane with this and yet held their good-will.

So, to summarize, I will say that to be effective one must have:

Proper credit control:
Proper understanding of terms.
Proper collection control.
Proper follow-up.

And to be tactful requires the distinct classification of the debtor and basing your appeal from the debtor's side of the fence along fundamental psychological principles.

CREDIT MANAGERS and THEIR JOB

WE SHOULD make our department a profitable investment and not an expense; consistently add to its value by improving organization, conserving property, increasing the store's usefulness to the community, thereby adding to its good will. We must give a full return in profits for the trust placed in our hands. Know your accounts, know your customers. You can never know enough of either. Let them know you are their friend. If they have a grievance against the store, let them feel that you are the one person in your organization they can come to in time of trouble, and remember, one thoughtless word or act can destroy that which has taken years to attain, while it may seem of little importance to you, the customer's problem is always of great importance to them, and as Voltaire puts it, "If we cannot always oblige, we can always speak obligingly." You can't kid the public; that day is past. You can't even fool part of the people all the time.

Present-day conditions are exacting and the future will be more so. We cannot remodel the past, we can only profit from our experiences, but we do have the God-given privilege of anticipating the future, therefore let us mold our future by our experiences of the past. Our deeds today can be intelligently guided by our experience of yesterday.

There is no substitute for experience. It is the mother of science and the foundation of philosophy, but our vision of the future is as unbounded as the mind itself, which reaches beyond all human power, authority and restraint. Let us, then, visualize the future with a creative mind and a determination to do best the things that have to do with our jobs; render good service to those we serve; help kindly those we help; make our job a helpful service.

The greatest problem we have today in collecting is to meet and overcome the objections and resistance, which some customers offer to an acceptance of our request to pay. This, however, can and is being done. Tactful letters, the telephone, and personal contact, will turn the trick if handled intelligently. As a matter of fact, the continual application of the right principles to a legitimate subject, over a period of time, is bound to bring the desired results. Your credit bureau can help you. We often clear a man's credit for collection purposes, there is nothing new about this, and it's a mighty good idea, in fact, our credit bureau down in Cincinnati will collect the account if you give them a chance.

Your credit bureau can help you. I'd be lost without that good old credit bureau to fall back upon. Some of you folks have always had a credit bureau, so you just accept its help as a matter of fact, and that's all there is to it. Back in the gay nineties I was a bookkeeper, salesman, receiving clerk, cotton weigher and credit manager for a general store in the South. We took a lien on a man's crop, sold him supplies during the spring and summer, and he paid us in the fall. I had to dig up all of my information and it had to be correct, for all of our accounts were big accounts. That's why I appreciate the work of our credit bureau and try to co-operate with it.

If we expect our job to take care of us, we must take care of our job. First of all, guard your health. A clean, wholesome, healthy body, with the ability to listen and smile, will go a long ways in the right direction. Keep in harmony with the policies of your store. Harmony of purpose and action is essential to highest efficiency in any organization. It untangles, regulates and uplifts; it sweetens the task and mellows the day's work.

Don't be a puppet dangling from a string; we have enough of this in politics and society. Have faith in your own powers, and confidence in your individual methods, and above all, be *loyal*. Loyalty is the finest fibre in the human breast.

WORTH NOTING

A Digest of Credit News For Quick Reading

Almost one-fourth of the national wealth is accounted for by five East North Central States—Illinois, Indiana, Michigan, Ohio and Wisconsin, with an average per capita wealth of $3,114.00 against $2,977.00 for the entire country.

Twenty dollars of every hundred dollars spent in retail stores of the large cities, represents purchases for wearing apparel, men's, women's and children's. In eleven leading cities with a population of 18,200,000 and a total department and specialty store business of $12,107,000,000.00, the apparel business amounted to $2,547,000,000.00.

We are told that Wm. Taylor Son and Co., Cleveland, Ohio, opened 10,400 new charge accounts during the first six months of this year.

A. D. McMullen, past president of the N. R. C. A., is authority for the statement that 30 per cent of all applications for credit in Oklahoma City are declined.

What do these figures indicate? In June, Macy & Company, New York, handled 961,997 more transactions than the same month last year. Adams & Co., Buffalo, 34,641, and Bailey Co., Cleveland, 47,565.

Washington, D. C., the nation's capital, has been selected as the next meeting place of the National Retail Credit Association, June 21-25, 1932. Already that live local in Washington has contacted the Mayflower Hotel and made it its national headquarters, appointed all committees, and it looks like they are going after the record set at St. Louis this year.

Conventions of trade associations this year have not been up to former standards and hotel managers and convention secretaries agree that the registration of 985 delegates at the National Retail Credit Association convention in June was a record-breaker.

Hundreds of letters from those attending the June convention of the N. R. C. A. in St. Louis indicate it was one of the best meetings of the Association and St. Louis has again demonstrated the Associated Retail Credit Men of that city and its merchant members do things in a big way.

That credit customers do move about the country, is indicated by the fact that each month the National Retail Credit Association distributes $30,000.00 among its affiliated credit bureaus. This represents the fees for reporting service between bureaus.

M. B. Weldon, manager of the Georgia Credit Exchange, Savannah, Ga., writes: "Every credit bureau manager and merchants association secretary should consider it a part of his job to create interest among local merchants in the N. R. C. A. and encourage them to become members."

Leopold L. Meyer of Foley Bros., Houston, Texas, past president of the N. R. C. A., who with Mrs. Meyer was spending several weeks in southern California, made a special trip to San Francisco to attend a dinner in honor of Frank Batty and personally congratulate Mr. Batty on his election to the presidency.

That Americans have a "sweet tooth" is indicated by 66,000 candy and confectionery shops in the United States, with a sales volume of $700,000,000.

How much do we spend for food? The government survey shows 497,715 food stores with a sales volume of $11,000,000,000—22 per cent of the total retail business.

No wonder we look upon department stores as the big units of the retail business. The government survey shows 4,924 retailers listed as department stores with sales of $4,300,000,000.

Here is the record of two retail classifications sometimes overlooked: Coal and wood yards, numbering 16,123, do an annual business of nearly $1,000,000,000, and lumber yards numbering 24,333 sell $2,000,000,000 in building material.

There are 1,550,000 retail businesses in the country, according to the latest government release.

The National Retail Credit Association appears to be the most progressive of any trade association. With an enrollment of 4,960 new members in the year ending May 1st, a record was set for commercial and trade associations.

Have you ever thought of the fact that if every one of our present membership, 17,507, would secure just one new member, we could boast of 35,014 members?

The Advantages of a Definite Due Date

This address was scheduled on the Convention program of the N. R. C. A., but because of an accident Colonel Blackstone was unable to appear in person.

By FRANKLIN BLACKSTONE
Credit Manager, Frank & Sedan Company
Pittsburgh (Past President, N. R. C. A)

THERE is *no standard definite due date* in either wholesale or retail business.

There are too many due dates and entirely too much flexibility in the terms of nearly every branch of the mercantile business of the country.

Among the many proposals for possible National Association work that were discussed in 1919 and 1920 by the secretary, Mr. Woodlock, and the president, whose name was Blackstone, was one relative to the adoption of a definite one date, to be considered at some future and appropriate convention when the association would be sufficiently powerful, numerically and financially, to make its voice heard in a manner that would mean something beneficial to retail business. Since then, sporadic efforts have been made to have various cities decide upon something definite as a means of ultimately making it national in scope.

Evidently Mr. Woodlock thinks that 1931 is the year and St. Louis is the place in which to present the idea as a truly national duty.

One would imagine that retail credit managers and retail merchants would recognize instantly the value and importance of a standard definite due date for their accounts receivables but if you wish to know the truth about the proposal ask some of the delegates from San Francisco, Memphis, Youngstown and other cities and you will learn that it requires constant and persistent endeavors to secure the adoption of a definite due date in any city.

The nearest approach to a definite due date in the wholesale trade is "2 per cent 10 days E. O. M." It may be appropriate to mention some of the other terms normally used in the wholesale business such as: 1 per cent 10 days; 2 per cent 10 days, net 30 days; 2 per cent 10 days, extra net 70 days; 3 per cent 10 days, net 30 days; from 1 per cent up to 10 per cent 10 days, no dating R. O. G., and some others, all of which you know. In the retail business due dates are as indefinitely announced and followed as the itinerary of a headquarters man without a schedule. It may suit my purpose to mention that in several cities and towns the due date is the "tenth"; in seven of the big stores of Pittsburgh, the due date is the fifteenth; in three it is the tenth; in one it is the first; most of them blatantly consider "all bills due when rendered" and believe they are contentedly "regular" in their terms. In New York, seven leading stores have their due date as the "tenth"; others are as indefinite as some of the provincial cities which, naturally, would include Pittsburgh.

The question of "closing the books" in billing is an inherent part of the definiteness or indefiniteness of terms and should be considered as an integral part of the subject in any discussion.

At the Boston convention of this association in 1918, a paper was read on the title of "Charging Interest on Overdue Accounts." The subject has been discussed at all our conventions but it received instant attention from many otherwise strangely silent places when a resolution was recently adopted by the Controllers Congress; it is now a live issue in many stores, each one hoping for a definite and satisfactory solution of it.

Since 1918, a great advance has taken place in interest changing, if in no other way than that of the "service charge" on installment accounts, so the way has been paved for a next year's statistical calculation that may be enervating and entrancing.

It should be kept in mind, however, that a standard definite due date on retail monthly accounts is essential to a standard system of charging interest on overdue accounts.

Will it be another 13 years before a definite due date can be decided upon and placed in effect through efforts of the National Retail Credit Association?

It appeared to me that a national definite due date, beautifully standardized, would be of tremendous advantage to the advertising program now being developed by national headquarters, under Mr. Frank C. Hamilton, and I took the liberty to ask his opinion of it. Among other things, Mr. Hamilton wrote that the new "law of retail gravitation" had revealed "an astonishing change in migratory tendency" and that:

"A study of St. Louis revealed the interesting information that only about 58 per cent of the people who are here now are really a fixture or have been a fixture for any length of time. The rest of the people are coming and going constantly."

"If, then, St. Louis was to make a concerted and intelligent effort towards a community

credit policy, building up in the minds of the people here some fixed facts regarding their obligations in the matter of promptitude, due date, et cetera, they would be developing a consciousness that would be scattering its influence finally to the extent of 42 per cent to various other parts of the United States."

In analyzing his statement, I stopped for a moment after reading the requirement that St. Louis use a "concerted and *intelligent*" effort; but after remembering that St. Louis had started Lindbergh over the clouds to France; and that St. Louis had the hot courage to entertain the conventions of our National Association three times; and that St. Louis had supplied it with more presidents than any other city, I accepted the "intelligent effort" point as correct and put the rest of the country on a "provincial" basis, made up of 42 per cent ex-St. Louisans, who had left St. Louis—not for its good—or their own—but would, nevertheless, be expected to pay on the St. Louis due date—if there is one.

The many advantages of a definite due date to a program of national publicity for the improvement of the credit morale of the nation are so well known that a mere summary of a few of them may be of interest:

1st. It would enable our advertising program makers to concentrate upon slogans and advertisements bearing a definite due date; whereas at present they are hampered by the inapplication of one to the many cities and towns who would be glad to use mats with so-called local appeal.

2nd. It would, within a reasonable time, become a nationally known requirement of monthly credit terms and thereby be more readily appreciated and followed by retail debtors everywhere.

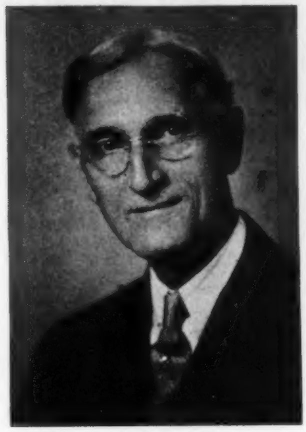
3rd. It would remove the cause of many objections on the part of debtors by standardizing a specified due date in the stores and cities that now have a variety of due dates.

4th. Bill boards and advertisements in Memphis carry the message that bills are due on the 10th and it is one of definiteness, simplicity and value. It is easy to visualize the psychological reaction when similar messages are known to exist everywhere in America.

When Mr. Woodlock invited me to present that subject to this convention he recommended that a brief resolution be prepared and I have followed his suggestion and read it herewith, omitting the usual "whereas monotonies:

Resolved, that the president of the National Retail Credit Association appoint a committee of not less than seven (7) members whose duty it shall be to secure all possible data and information on the desirability of recommending to our Board of Directors the adoption of a standard definite due date on monthly charge accounts as one means of improving retail credit granting and payment of account standards.

Dean of the May Department Stores' Credit Managers



C. F. Jackson

One of the outstanding retail credit men of the country is Mr. C. F. Jackson, credit manager of the Famous & Barr Company, St. Louis. This is the parent store of the May Department Store group, one of the largest retail organizations in the country.

Mr. Jackson is a member of the Board of Directors of the N. R. C. A. and a director of the Associated Retailers' Credit Bureau and the Retail Credit Association of St. Louis. Each year at the national convention he heads the May group of representatives from their six stores.

New York Has Largest Local Retail Credit Association.

The Associated Retail Credit Men of New York have been making wonderful strides during the past year. There is no sign of depression around their offices. They now have 1,085 members, each a national member, thus giving them the largest local association in the N. R. C. A. A. B. Buckeridge, executive manager of the association, expects to reach the two thousand membership mark within a year.

National Retail Credit Association Field Activity

Carrying out its policy of assisting in standardizing and developing credit reporting bureaus, members of its service department, the N. R. C. A. has four field representatives constantly on the road visiting its affiliated bureaus.

The present assignments are: Charles Martin, eastern Pennsylvania; Earl Wright, western Pennsylvania; C. O. Stiles, Minnesota and Wisconsin; F. T. Caldwell, Texas.

When Mr. Martin and Mr. Wright have completed their work in Pennsylvania they will be transferred to western territory.

A Message From Our President

An Open Letter to the Officers and Members of the National Retail Credit Association.

Frank Batty

GREETINGS:

I am happy indeed to have the opportunity to write a few lines for publication. At the onset may I be permitted to express a deep sense of gratitude for the honor conferred by my unanimous election to the presidency of our organization; it is an honor indeed of which any man might well be proud—to realize that one is accounted worthy of that friendship, good-will and esteem, without which any position of honor is of little value. I have been asked by some of my well-wishers, "How does it feel to be president?" Jocularly I reply that I recently purchased a new hat of the same size as usual; chest measurement is stationary, but I do seriously confess to a faster pulse beat, and a more confident step in the assurance of loyalty and unqualified support which has come to me by mail and wire from a host of friends throughout the nation.

To restate that the office to which I have been elected is no sinecure is trite and mere platitude, but he would be a shallow individual indeed who failed to realize the responsibility incumbent upon him.

The enormous annual volume of retail business, the increasing hazard in credit extension, accentuated by problematical social conditions, should ever be uppermost in our minds.

During my term of office I shall not attempt or suggest anything spectacular or meteoric—to ascend rocket-like and descend like the proverbial stick is neither commendable nor impressive. To do the duty that lies nearest to us is a laudable trait and one which cannot fail to bring success, for what, after all is success, but sustained effort.

Bankruptcy, both commercial and individual, divorce and fraud, are problems of the gravest nature upon which we must concentrate, and in attempting a revision of governing laws, something really worth while will assuredly result.

Education through the medium of our credit study classes is imperative, and I appeal to every local association to strive to the utmost to organize a class immediately in each community. The importance of this cannot be over-emphasized.

We must also positively demonstrate to the merchant public of the country the reason for the existence of our National Association, by rendering prompt, accurate and reliable information concerning every applicant for credit; in other words we must become absolutely indispensable to every store owner by selling service of the highest quality, with dispatch. The day of slipshod inefficiency is, we trust, gone forever, and if the lean years through which we are rapidly passing have taught us nothing but necessary conservation, then we have missed our vocation in life and our glory has departed.

There is an indissoluble tie between the credit office and the bureau which to weaken or sever means inevitable loss to both. There is still romance and fascination in business, perhaps more than ever, and there is a lasting sense of satisfaction and pleasure in duty properly performed.

I have little sympathy for or patience with the executive who shelves detail by relegating the burden to subordinates, and sits complacently in his swivel chair. "Perfection is made up of trifles, but perfection is no trifle," is one of the most potent of truisms.

The dispellent of depression is summed up in one much abused and misunderstood word, *work*.

May I personally appeal to the entire membership of our National Association to exert every effort this year, not that it will redound to any additional honor for myself, but for the upbuilding of an organization in which we believe, and in which we have confidence as our cornerstone.

Administrations come and go; that of my predecessor will rank in history as one to my mind which most nearly approaches the ideal; problems numerous and varied it is true, but faced in a spirit of tolerance and determination which culminated in the St. Louis Convention, a most noteworthy achievement and a high water mark to be surpassed in the march of progress.

I am proud to be one of the "apostolical succession" of earnest, capable men who have preceded me, and yet I am extremely humble in the face of the immediate future with its attendant responsibilities, but confident that with your support and united harmonious energy we shall achieve our goal. (Continued on page 24)

YOUNGSTOWN'S COMMUNITY CREDIT POLICY—

CHARGING INTEREST ON PAST DUE 30-DAY ACCOUNTS

Otto L. Pfau, Credit Manager of the Strouss-Hirshberg Company, Youngstown, Explains This Policy which has Attracted the Interest of the Nation's Retailers.

IN AUGUST, 1930, a meeting of Youngstown's merchants was called for the purpose of discussing a community credit policy for our city. The two chief features of the plan adopted at that time are: (1) Charging interest at the rate of ½ per cent per month on all open 30-day accounts with balances more than sixty days old; (2) a carrying charge of ¾ per cent per month on all deferred payment accounts. The additional charge is added to the original purchase less the down payment for as many months as the account continues. Any deferred payment account paid within sixty days is credited with the total amount of carrying charge.

The policy was endorsed by eighteen of our representative merchants and was put into effect October 1, 1930.

The feature which has gained nation-wide interest and which is being considered at the present time in many cities, is "charging interest on past due 30-day accounts." I want, therefore, to discuss reasons for such a policy and answer arguments against it.

In actual experience, our company has been charging interest on open accounts for about four years, first on balances over six months old, then on balances over four months, and beginning October 1, 1930, on all balances over sixty days.

One reason in favor of such a plan and one which should appeal to everyone's sense of justice is its fairness to the cash customer and to the prompt paying charge customer. It certainly does not seem fair that a customer who buys a $100 article and then takes sixty days and often six months or longer for complete liquidation, should pay no more than the customer who pays cash or remits in thirty days.

It was discovered at the national convention recently held in St. Louis that many merchants are actually permitting customers to purchase the higher priced articles of wearing apparel and home furnishings on open 30-day accounts and granting them from three to six months for payment without any additional charge. With such a policy I do not believe that the cash and prompt paying credit customers are receiving just treatment, neither do I understand how the merchant can afford to permit such leniency.

Another argument in favor of the additional charge, and one which should interest the store owner as well as the credit man, is the increased income derived from such a plan. There is no question but that in practically all firms too large a proportion of accounts receivable is over sixty days old. For example, in our own store as of January 31, 1931, out of every $100.00 of accounts receivable outstanding, $35.50 represented purchases over sixty days old.

This means, as the chart shows, that for every $1,000,000 worth of business, there was $77,995 that was over sixty days old. In other words, this amount represents extra capital required to carry the accounts which are more than sixty days past due, whereas if the accounts were really maintained on a 30-day basis, this amount of $77,995 and considerably less would not be needed.

At the very least, the interest on the $77,995 at 6 per cent a year is $4,680. The taxes (in those states where they have a tax on accounts receivable), bad debt loss, insurance, extra collection and bookkeeping is conservatively estimated at another 2 per cent, which is $1,560, or a total carrying charge of $6,240. This entire amount is unnecessary expense which is not properly included in the budget of the store, because it represents expense incurred in acting as a banker for delinquent balances on customers' accounts, *which the customers themselves should pay*. Otherwise, you are discriminating against the cash and prompt paying charge patron.

Since October 1st, at which time the 60-day plan was put into effect, a net average of $970 per month has been charged as interest in our store, or in other words, the yearly gross earnings will approximate $12,000. You will agree that $12,000 less the necessary cost, which I shall mention later, will have considerable bearing on the net profit figure at the end of the year. I might add that we have about 22,000 active 30-day accounts and at the present time in the neighborhood of 3,000 accounts are being charged each month with interest, or about 13.6 per cent of our accounts.

Of course, the goal of every credit man should be to have his accounts receivable in such condition that the least possible amount of interest needs to be charged, nevertheless he should be receiving an income from that portion which he can not possibly collect in thirty or sixty days, even under normal conditions. In fact, it so happens that our collection procedure is more efficient and our follow-up more rigid now than before we were charging interest.

Now as to the objections, the following three may well be mentioned: First, the additional cost incurred in extra labor and bookkeeping expenses; secondly, the criticisms and unfavorable reaction from customers, and lastly, credit men and store owners not in favor of the plan argue that it will result in a lower collection percentage due to the fact that customers who are paying interest may feel that because of the additional charge they are entitled to as much time as they want for the payment of *their* account.

Let us first consider the additional cost. It is first of all necessary that all accounts be completely aged each month in order to charge interest accurately on past-due balances. However, we do not consider that expense as a part of the cost of charging interest on delinquent accounts for we aged our accounts monthly before we started charging interest as we believe it to be necessary for the efficient follow-up and collection of accounts. The cost of stationery supplies and the salary paid for the figuring and posting of interest amounts to no more than $90 per month which still leaves a monthly net income from interest of $880 or $10,500 per year. The only portion of this $10,500 which is never collected is that which has been added to accounts which eventually are transferred to uncollectible profit and loss, and this amount is quite small, so that under the present existing conditions we shall still have in excess of $10,000 net interest income to add to our yearly net profit.

At the St. Louis convention, various methods for reducing credit office expenses were discussed —such as bonus systems, longer hours, etc. While these plans are good, I believe I can safely say that the saving in credit operations which would result from the use of all of them combined is not nearly so great as that derived from the interest plan alone.

Let us suppose we were not aging our accounts at the present time and wanted to include this labor as interest expense. This figure in our store amounts to about $125 per month. There would then still be a net monthly income of $755 or a little better than $9,000 per year. This amounts, less what eventually becomes a portion of uncollectible profit and loss and must be credited, is still a figure in excess of $8,500, a considerable saving in credit operations and a worth-while addition to make to the yearly net profit.

Let us next consider the criticisms from customers. In the period from October 1, 1930, to June 1, 1931, only sixteen customers have requested that their accounts be closed. In every instance we wrote a letter explaining in detail the reason for the additional charge. (See copy of letter on page 18.) Seven of the sixteen are still using their accounts as before, five have refused to pay the interest, one of whom is now using her sister's account, and four have balanced accounts. It has been our experience, too, that most customers who discontinue their accounts resume their charge purchasing sooner or later.

On the other hand, much favorable reaction is received from our customers. To quote a paragraph from one letter:

> "I have also noticed that you are adding a carrying charge and I am so glad as it makes me feel we can at least help carry the burden of an overdue account."

Another one reads:

> "If you care to place an interest charge for overtime on the books, it will justify my tardiness in remitting and also ease my conscience in not being able to keep my account on a current basis."

Lastly, in regard to the influence on the collection percentage I personally feel that the charging of interest affects this figure very little. However, I feel sure that the customers who pay promptly in order to avoid the additional charge are in excess of those who allow their accounts to drag on because they are paying interest. Our fourth federal reserve district includes such cities as Pittsburgh, Cleveland, Cincinnati, Columbus, Toledo and others, where interest is not generally charged. The collection percentage in this district for the year 1930 averaged 39.1 per cent and our store's figure for the same period is an even 40 per cent. In April, 1931, the collection percentage for the district was 37.8 and our store's percentage was 38.5, while in May the district's average was 38.5 and our percentage was 39.1. Whether the fact that we have been able to maintain a collection percentage better than the district's average is due to our interest charge, is of course a debatable question. It is true our collection percentage has decreased during the past eighteen months on account of irregular employment and prevailing industrial conditions; however, I believe that has been the experience not only of stores in our own district, but throughout the entire country.

A few of the forms used in connection with our interest policy should be mentioned.

Directly above the signature on our "Application for Credit" form (see page 18) appears this statement:

> "I hereby agree to pay for all merchandise on or before the tenth of the month following date of purchase, unless otherwise arranged, and to pay a carrying charge of ½ per cent a month on any balance which becomes past due."

While this statement is called to the customer's attention, we do not stress it because when we open an account we impress upon the custom that our terms are strictly 30 days and that we expect payment within that time.

Also, enclosed in our statements (to delinquent accounts only) which are mailed on the first of each month, is a card printed as follows; that is, if there is a sufficiently large balance more than sixty days old and provided the customer has not previously received one:

To Our Charge Patrons

As you undoubtedly know, regular charge accounts are arranged as a special service and convenience to our customers, enabling them to pay in one sum, on the tenth of each month, for purchases made the previous month.

Because all merchandise in our store is priced on a cash basis, we and many other stores have adopted the policy of adding a charge of one-half of one per cent per month on any balance more than sixty (60) days old, to cover the extra cost of carrying the account.

If the portion of your account, which is now past due, is paid before the 15th of this month, you will save the carrying charge required after that date.

In fairness to our thousands of cash customers and charge patrons who pay their accounts regularly within thirty days, we are quite sure you will recognize the necessity of this policy.

Your valued patronage is appreciated and we hope you will co-operate with us.

Cordially yours,

THE STROUSS-HIRSHBERG CO.

Department of Accounts.

Above I referred to the letter which we use in case a customer requests that her account be closed because of our interest policy. It reads as follows and is, of course, changed if necessary, to suit the facts and information in each individual case:

Reply to Objection to Interest Charge

My Dear Mrs.............................:

It was indeed a great disappointment to me when I recently learned that you had asked our Credit Department to close your account, because of our policy of adding a carrying charge on all balances over sixty days old.

You have had an account with us since .... , and I can readily understand how you might feel, but at the same time I want to explain our position in the matter.

It is a matter of regret to me that any policy which may be adopted here at the store should displease any of our good customers, particularly when we sincerely believe that a few minutes spent in outlining the justice of our plan or action would be most convincing.

The policy of adding a carrying charge at the rate of one-half per cent a month on all balances more than sixty days old, is made in conformity with several principles which we believe are important and necessary in the conduct today of a retail store doing a large volume of credit business.

In the first place, as you undoubtedly know, all of our merchandise is priced on a cash basis. We feel that if any account is paid within thirty days no unusual expenses ar. incurred and that the price of merchandise should be the same to both the cash and charge customers. If, however, we are required to borrow large sums of money to carry our accounts for a longer period than our regular terms, extra expenses in the form of interest, bookkeeping labor, supplies and other costs are then created.

Secondly, quite frequently we have customers whose temporary circumstances prevent their compliance with our 30-day terms and many of them have voluntarily requested our adding an interest charge, realizing that if they borrowed an equivalent amount at the bank, interest naturally would be charged to them. This was one of the most impelling reasons for adopting a uniform policy in this respect as we did not feel like discriminating between those who requested the additional charge and others who found it necessary to delay payment, but who had not suggested adding the small amount of one-half per cent a month to cover the additional time that the account was carried.

We realize, as we know you do, that the policies of every business must admit of logical explanation and must seem fair and just to all of its customers—otherwise, it does not deserve patronage. From the store's standpoint, however, all of its policies must apply to each customer impartially.

I want you to know, Mrs................, that we value your patronage highly and I hope that the above explanation will show you the justification for the adoption of this policy and that a further reconsideration of this matter will prompt you to use your account in the future as was your custom in the past.

If you desire at any time to discuss this matter further with me personally, I shall be only too glad to do so.

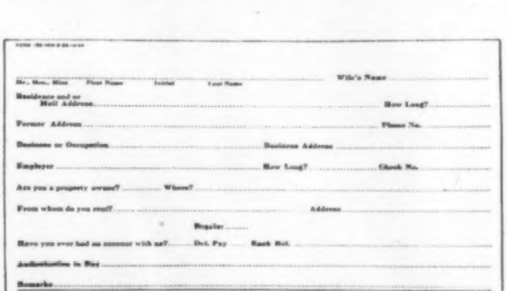
Cordially yours,

....

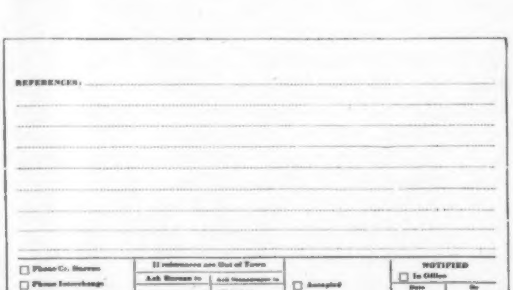
(To be signed by either credit manager or or president of company.)

Every innovation meets with some opposition, and while charging interest on delinquent 30-day accounts appears radical to some credit men, yet it has proved successful in our four years experience.

In May this year the Controllers in convention assembled at Washington, D. C., passed a resolution that interest should be charged on past due open accounts and requesting the subject to be presented in detail as one of the main features of the program at the coming convention of the National Retail Dry Goods Association to be held in February, 1932. Apparently, this policy will receive consideration by store owners who are eager to find ways of increasing retail profits at the present time, and it would seem highly desirable for the men in the credit profession to take the initiative and immediately formulate plans suitable to present to their own stores and cities. Unquestionably, it is a step in the right direction, and wll eventually become a naton-wide policy.



Miniature reproduction of front of card customer must fill out when applying for credit.



Miniature reproduction of back of card customer must fill out when applying for credit.

How the TELAUTOGRAPH Improves Credit Bureau Service

By A. B. BUCKERIDGE, Executive Manager
Credit Bureau of Greater New York, Inc.

THE credit bureaus of the country have been greatly aided by the use of telautographs.

Nowadays in some cities we hear people remark about how easy it is to secure credit at certain stores. These customers claim that they have gone into stores and received merchandise immediately and that they were not even checked up.

But these applicants for credit were checked through the bureau files without their knowledge. When they bought their merchandise their names and addresses were secured. The application or sales slip was taken over to a telautograph where a clerk wrote to the bureau which instantly looked up the records and wrote back the paying habits with other stores.

The securing of these individuals' credit records was accomplished with such speed and quietness that the customers gained the impression that no search was made at all. They were used to the old-fashioned ways of handling credit investigations.

Telautographs make the extension of credit easier because of many reasons.

With a telautograph a store is in instant contact with the bureau at all times and vica versa. A certain employee in the bureau handles all of the member's requests and knows exactly what is wanted. A code is adopted to add even more speed and simplify matters.

The time in going to the telephone and asking for the bureau's number is eliminated. The constant trouble of having names misunderstood is done away with because the writing on the telautograph at one end is duplicated at the other end. If the person sending the message spells correctly, the message is received correctly. There is no chance for an argument later as to whether the report or inquiry was dictated or taken down incorrectly.

The modern bureau today has telautographs and woe betide the crook who tries to make the rounds of the stores. Once a bad check artist or a short change wizard or a shoplifter is detected, the information is immediately sent to the bureau.

When the bureau receives the warning a group key is pressed down and the message is transmitted to every store having a telautograph. In one operation all stores receive a written warning of the scheme with a description of the swindlers.

Where a bureau does not have this telautograph arrangement, it takes an average of five minutes to warn each store, so precious time is saved with these machines.

If the bureau receives a request for a report and several different stores are given as references, through the same group arrangement all the stores having telautographs can be cleared at the same time. This is added service for the customer and a good impression is gained of the store.

In the old days bureaus received inquiries by mail or messenger and all references were cleared in the same manner. This meant several days to complete the average report.

The next step was the telephone inquiry with references cleared by telephone and it was a big step forward.

Then came the telautograph and here is its superiority over the phone. When an inquiry is received by telephone, it means that the member has to call the number and wait until the phone is answered. With the telautograph they merely start to write and the machine in the bureau automatically reproduces the message instantly. That saves the time of calling the number. It is the same when the bureau has to call back. It works the same when references are cleared via telautograph.

When the store gets the telephone connection their credit employee dictates the name to the bureau. If the name is Simpson, they say S as in Samuel, I, M as in Mary, P as in Patrick, S as in Samuel, O, N as in Norman. With the telautograph the store writes the name and each letter does not have to be matched with a proper name in order to prevent misspelling. The telautograph message cannot be misunderstood.

Then with the telephone message, the store clerk waits on the telephone while the information is being looked up in file. An average in file report takes five minutes to complete. But with the telautograph the store clerk does not waste that waiting time. After she has written the name, address and references to the bureau she goes about her other duties. So that saves more time. When the bureau calls a store for a reference the same time is wasted by telephone but saved by telautograph.

Then with the telephone report, after the information is secured from the files, it must be dictated again to the store clerk and the same spelling out required to avoid mistakes. With

the telautograph that time is entirely saved because the store operator is working on other matters while the message writes automatically, without her help, on the store's receiving machine.

In other words, with a telautograph the store clerk writes the message and has nothing more to do with the report. It comes back in written form ready to be passed on.

The time is coming when every store in the country is going to have a telautograph connection with its credit bureau.

New Semi-Annual Survey to Show Trend of Retail Credit Sales and Losses

Trends of credit and installment sales in a number of leading retail lines are again being studied by the Department of Commerce in its newest semi-annual retail credit survey now in progress covering the first half of 1931.

Further light as to the extent to which a prolonged disturbance of general business conditions affects credit payments and bad debt losses also is expected to be shed by the six months' record for the current year as compared with the corresponding period of 1930, when the shift from the relatively high levels of 1929 was first being fully felt.

Previous semi-annual surveys of this same kind in the retail credit field, covering the entire year 1930, have indicated that on the whole the American people were meeting their open credit and installment obligations in an orderly manner, and that new commitments were being assumed in very nearly the same proportion to cash sales as formerly. The data so far obtained go far to support the view that retail credit has stood the test of depression in a highly satisfactory manner.

The new figures will be watched with interest for the further evidence they will present as to the stability shown by the country's retail credit structure under test.

As in previous surveys, the current credit study will present comparable data covering open-credit and installment sales in proportion to total sales, collection percentages on both types of credit transactions; returns and allowances as percentages of gross sales; and losses resulting from fraudulent buying and passing of bad checks.

Retailers in 25 leading cities of the country are being contacted as to their credit and collection experiences of the past six months. The study is being made by the questionnaire method, and the lines of trade being surveyed are the same as in the past, including department stores, furniture, jewelry, shoe, men's clothing, women's specialty, and electrical appliance stores.

Need Subordinates

Every great leader is forced to work through subordinates who cannot see what he sees so clearly. That is why they are followers. The wise leader, therefore, does not waste time condemning those whose vision is less perfect than his own. Without followers no one can be a leader.

—From *Net Results.*

Caldwell in Texas

Frank T. Caldwell, field representative of the National Retail Credit Association, has been assigned to work in Texas, under the direction of the Texas Retail Merchants' Association. His headquarters will be in Austin and it is expected he will spend several months in visiting local associations and credit bureaus throughout this large state.

As there are over 170 organized associations of retailers in Texas, nearly all operating credit bureaus, the N. R. C. A. is anxious to co-operate with the Texas state association in developing and standardizing them.

BANKRUPTCY—

R. PRESTON SHEALY
Washington Counsel of the National Retail Credit Association

Every credit manager is interested in bankruptcy. This masterful address, delivered at the National Convention of the N. R. C. A. should be read by every credit executive.

WHEN the Astorians, on their epic expedition to the mouth of the Columbia, left St. Louis in 1810 they encountered at Charette, just outside of the city, Daniel Boone in his eighty-fifth year, with a pack of sixty-five beaver skins upon his back. Boone had left behind him, in Kentucky, debts, payment of which he could easily have escaped, but he regarded a debt as something sacred and at the risk of his life was trapping and hunting to get together the necessary funds to pay those debts.

How different the situation in America today. Statistics of the Department of Justice are said to indicate that nearly $5,000,000,000 have been wiped out by discharges in bankruptcy during the five years ending June 30, 1929, five years of unparalleled American prosperity. That there may be some duplication in these figures is undoubtedly true, but at that the losses must be enormous, and to that bad debt loss must be added the many millions more of those who have accepted composition settlements outside of bankruptcies because of the meager dividends commonly the result of bankruptcy proceedings.

It will not do to say that small dividends were due in large part to expenses of administration, because expenses of administration during that period only averaged 2.4 cents of the 10.9 cents on the dollar of realized assets. It is also significant that during those five years all failures, merchants as well as individuals, represented an increase of only 28 per cent, but the increase for the same period of wage earners and professional cases was 77 per cent or nearly three times as fast. You know from the results of your own bankruptcy survey, recently made public in the CREDIT WORLD, that 57 per cent of all bankruptcies are now those of individuals; you know that the indebtedness in those cases for the necessaries of life will average nearly 50 per cent; that the total bad debt waste for the necessaries of life, alone, is estimated at around seventy millions of dollars annually; and that Solicitor General Thacher, when he told the American Bar Association at its convention in August of last year that debts were being discharged by postal card, spoke the literal truth.

There is no finer or more efficient body of men and women in America today than the members of the National Retail Credit Association, but even with the degree of perfection to which they have brought the art of granting and withholding credit to the consumer, it is almost impossible to cope with fundamental causes of that enormous bad debt waste; extravagance in living, gambling and speculation, and neglect of business affairs.

Fraud takes its toll from business, but so far as the present bankruptcy act is concerned, its provisions are to a considerable degree effective from the standpoint of prevention as well as prosecution. A law, however, that permits a man to escape payment of his just debts even to the necessaries of life, because he has lived extravagantly, indulged in speculation or other forms of gambling, and has not given reasonable attention to his means of livelihood, is an unwise law and should be amended and brought into line with bankruptcy laws in other countries which frown on such practices.

It is no figment of the imagination to say that the bankruptcy laws of nearly every civilized country discourage such practices, so far as they can be discouraged by law, and are thereby of aid and benefit to the cornerstone of business in every land, the retailer.

In the debates which preceded the enactment of the law of 1867, a Senator of Maryland and a former Attorney General of the United States, the Honorable Reverend Johnson, told the Senate that the bankruptcy laws of other countries could be studied and followed by America with profit and that advice is more true today than it was in 1867.

In detail, what are outstanding examples of foreign bankruptcy acts? Roughly speaking, they may be divided into two classes: the laws of the Latin countries, such as France and Italy and which have been largely followed in South America and which limit the benefits of bankruptcy to the merchant alone, deny it to the individual, and supplement all with drastic discharge provisions. Typical of the second class are laws of England and of Canada. They permit bankruptcy to the individual as well as to the merchant, but in both of these countries discharge provisions distinctly discourage extravagance and high living and thereby are far fairer to the retailer. It would seem in order for America to carefully study the bankruptcy laws of our neighbor and business partner, the Dominion of Canada. Canada speaks the same tongue, has much the same traditions, more than three-quarters of her business institutions are owned by Americans, and say what you will, the border is being fast obliterated. Our present bankruptcy act was passed in 1898 and while

the present bankruptcy act of Canada was passed by the Dominion Parliament eleven years after and Canada had had ample opportunity to observe the merits and demerits of our own act, yet, she passed a law far different in its discharge provisions from the act of America today. Ten years of operation passed before Canada revised her bankruptcy law, but when she did so in 1927, she adhered to her own most salutary and wise discharge provisions and did not abridge or narrow them in any way.

You will ask, what are those provisions? Briefly, they permit the court to grant conditional discharges, conditional upon the bankrupt paying a fixed percentage in dividends to his creditors or impounding his after-acquired assets, and to refuse a discharge for extravagance in living, speculation and gambling, and neglect of business affairs. The necessaries of life are absolutely barred from discharges by Canadian law and no man can resort voluntarily to bankruptcy in that country unless he owes at least five hundred dollars in unsecured indebtedness.

English laws of today are much to the same effect and the laws of both countries bear close analogy to our own bankruptcy act of 1867, which required 50 per cent in dividends to creditors or the consent in writing of 50 per cent of the indebtedness before a bankrupt could receive his discharge and a minimum of $300 before a voluntary petition could be filed.

Acquainted with the conditions, familiar with the remedy, you naturally ask what are the prospects for success? In connection with claims for damages, accidents at railroad crossings and the like, there is the well known rule that the claimant must first show that he "stopped, he looked, and he listened."

We have arrived at that point today in this great matter of overhauling the bankruptcy act. The first step was taken in that direction when the retailers of Nebraska and of Minnesota had bills introduced in Congress, the one barring necessaries from discharges and the other limiting voluntary bankruptcies to not less than $500.

Bankruptcy was discussed at your convention of 1929 at Nashville, and 1930 at Toronto, and in August of 1930 your bankruptcy questionnaire survey was launched. In December of last year the Attorney General of the United States organized a bankruptcy committee and, within the past few months, the Association of Referees in Bankruptcy has published summaries of the acts of nearly all foreign countries. Having had something to do with the movement which culminated in the revision of the bankruptcy act in 1926 I can assure you that these successive happenings, and I may describe them as epochal, have brought about ten times the amount of interest in bankruptcy and accurate knowledge of bankruptcy conditions than in all our previous history. Interest in prospective legislation and an accurate knowledge of the facts pertaining thereto go a long way toward success in such matters.

In addition to the interest that we have aroused and the data that we have assembled, the National Retail Credit Association has a record for success in Washington work unique in the nation's history. Virtually all of its legislative effort can be classed as pioneering. Its maiden effort as a pioneer was when it persuaded Congress, in 1928, to grant the necessary appropriation to make possible the first national survey of credit in the history of any civilized country.

You pioneered again when you persuaded Congress to grant the necessary funds for a semi-annual check-up by the Department of Commerce with the original survey as the basis, and again on January 31st, of this year, when President Hoover signed H. R. 8649, permitting, for the first time in the history of this country, a dispatcher of mail to learn the address at which his mail was delivered. Pioneering into the depths of the wilderness has always meant vision, courage and self-sacrifice and I have seen every evidence of those qualities prevailing among members of the National Retail Credit Association, whether it be in your headquarters at St. Louis, your national officers and your board of directors or individual members of the association.

New N. R. C. A. Director in Northwest

E. K. Barnes

At the convention of the National Retail Credit Association in St. Louis, Mr. E. K. Barnes, vice-president of the First National Trust and Savings Bank, Spokane, Washington, was elected for a three-year term as director of the association.

Mr. Barnes succeeds Mr. R. E. Westberg of Seattle, who has represented the Northwest on the national board for the past three years.

When Closing Time Draws Near

Caller: "How do you know it is almost five o'clock?"

Boss: "My office force is showing signs of activity."

Progress of Retail Credit Reporting

By CHAS. M. REED, Denver, Colo.
Vice-President, National Retail Credit Association

EARLY-DAY history of retail credit reporting affords us a rather romantic background upon which to base an outline of my subject.

Facts and figures concerning this subject, however, apparently are lacking. In interviewing old-timers in the credit granting business we are told that early-day credit granting usually was based upon what personal knowledge the merchant had of the customer. It seems that the old chattel mortgage arrangement, or lease account, was used more frequently in the early days than open account credit. Credit information was scarce, or, perhaps we should say, ways and means of obtaining reliable credit information were not known to the merchant. He did not have at his disposal the well "lubricated machinery" of an up-to-date credit bureau.

Yet, as we trace back, we find that as early as 1869 a retail credit agency was started in Brooklyn, and in 1872 one was started in New York City, indicating that in those early days merchants were beginning to realize the necessity of obtaining reliable information concerning individuals who had requested the charge account privilege.

We are told that information delivered by these early-day bureaus was more or less incomplete, and not altogether satisfactory, but a move in the right direction, and certainly an improvement over methods previously used. The interchange of ledger experiences between retailers of the earlier periods was more or less of a "hit and miss" proposition.

John Jones did not care to help Bill Smith take away John Jones' customers. Consequently, when Bill Smith requested of John Jones ledger information concerning a customer appearing upon John Jones' books, we find that John Jones usually placed a rather broad interpretation upon the Goden Rule; that regard for truth-telling and willingness to assist a competitor was very elastic; in fact, a most feeble gesture, to say the least.

It was soon realized, however, by merchants who were attempting to grant credit on a broad basis, that confidence in each other would have to exist before any great degree of dependency might be placed upon information they received from each other. In other words, they realized that co-operative measures would have to be resorted to for the common good of all, and that a dependable interchange would have to be built up among themselves for the common good of all. Otherwise, credit could not be safely granted except in isolated cases.

The tendency on part of merchants of the early days to give their competitors favorable information on "dead-beat" cases and unfavorable information on choice of customer soon created a condition which led to loss. For it was just as unsafe in the early days to permit a weak customer to overcharge as it is today, and it was just as important in the early days to cultivate and sell a preferred risk as it is today. A mishandling of either risk usually meant a loss.

Confronted by this condition, merchants granting the charge-account privilege began to realize the necessity of co-operating with each other for the purpose of encouraging and supporting a rating agency through which dependable information concerning customers and prospective customers might be obtained.

These early-day rating agencies were, of course, private enterprises, financed, owned and controlled by men who were broad visioned enough to go into that line of business. Efforts put forth on part of these early-day rating agencies to safeguard the merchant resulted in much saving.

Eventually, however, as the population began to increase in our larger cities, and as the demand for the retail charge account privilege became more prevalent, rating agencies were started in numerous cities, some of which were merchant-owned, until today we have throughout the nation a chain of retail credit bureaus and retail credit associations, merchant and privately owned, that covers practically every organized community of the United States.

No longer may it be said that the merchant is "groping in the darkness" when he trusts his merchandise to a new customer. If he is "groping in the darkness" it is his own fault. Today he has at his "very elbows" ways and means of checking quickly any risk or any customer who might apply for credit. It matters not if that customer has been a resident of the city for many years, or a newcomer, recently residing in a distant city. Dependable information may quickly be obtained for your credit department.

As chairman of the service department, I will endeavor to convey to you credit men and women, information concerning the service department of our national association, for it is

through the service department of the national association that you are able to obtain the wonderfully efficient credit reporting service to which all of you now have access.

The service department of the national association consists of approximately 1,180 bureaus. These bureaus employ thousands of trained men and women, and have in their combined set-up millions of records, to which all of you, through your local bureau, have ready access. During the year these bureaus have taken care of millions of requests for information; have collected hundreds of thousands of dollars for you, and have located thousands of skips. They have made it safe for you to open millions of accounts and have given you ample reasons upon which to decline thousands who were not entitled to credit, or who were attempting to overbuy or perpetrate fraud.

I believe that the so-called depression, through which we seem to have passed, would have been many times more serious for the retailer and the nation at large had it not been for the services rendered retail interests by the various credit bureaus of our National Service Department. Through these bureaus you have detected overbuying; you have detected fraud and attempted fraud; you have detected the undesirable applicant, and you have discovered the good account. Losses which might have amounted to many millions have been avoided, and good accounts without number have been cultivated.

The bureaus of our service department are very closely and carefully regulated by the national association. Bureau managers have to "toe the mark" or get out. The national supervision of our service department guarantees the merchant prompt and efficient reporting and collection service anywhere throughout the nation.

I have told you these things because I want you to appreciate what the national association has done toward building up a great reporting and collection organization for you. I want you to fully understand what this one feature means to the retail interests of the country. The reporting and collection features, of course, are only two of the many arms of our great national—ever willing and ready to grant you protection and assistance.

I have heard credit men suggest that the service department was too aggressive, and at times too much energy was devoted toward the development of a strong reporting department, at the expense of other national activities, which should be encouraged by the national association. Permit me to suggest, however, that this can hardly be true. The service department is only one of the many activities of our national association.

I am sure if you ladies and gentlemen did not have at your disposal such an efficient organization that you would be quick to condemn the national. As a matter of fact, you credit-granting folks have been so efficiently served by your local bureaus that you have paid very little, if any, attention to the real force behind this service.

When Mr. Fish of Denver requests his bureau for a report on John Jones, formerly of Cleveland, Ohio, he has but to request that we check Cleveland. He pays no attention to the case until we receive a complete report from Cleveland, which report will cause him either to accept or reject the risk. He does not realize, however, that we are able to get information from Cleveland by reason of the fact that Cleveland is a "cog" in our great reporting "machine," known as the service department of the National Retail Credit Association.

You probably do not know that our national association is very exacting; that before a reporting bureau is accepted as a member, that bureau is thoroughly investigated as to competency, honesty, ability, etc. You probably do not know that the national maintains at this time field men whose duties are to carefully and thoroughly canvass the country for the purpose of educating bureau managers along the line of proper credit reporting methods, and to establish bureaus in communities needing bureaus, but where none exist at this time.

These and many more activities are going on all of the time for the purpose of making it safer for retail interests of the United States to conduct a charge-account business.

Like all great organizations, our national organization has not been perfect. It is impossible to please everyone. As chairman of the service department during the year coming to a close, I do know that our officials at St. Louis have done everything within their power to make our national more useful, more valuable to you.

What I have said serves to bring to you a realization of the great improvement which has been made in retail reporting service during the past fifty years, and I am frank to admit that it is the opinion of many that the ideal situation we enjoy today in retail credit reporting could not have been possible without the guiding hand of our national association.

Furthermore, it is our opinion that demands for retail credit service in the future are going to be many fold heavier than we are experiencing today. It, therefore, behooves us to continue to grow and prosper.

Reporting methods of today may, of necessity be relegated to the scrap heap tomorrow. Progress knows no bounds and is exacting in its tolls. Whatever, the future may bring forth, we shall be prepared, through our national, to meet it.

A Message From Our President

(Continued from page 15)

In conclusion, to you and to myself may I quote from the master scribe, Robert Louis Stevenson:

"The day returns and brings us the petty round of irritating concerns and duties. Help us to play the man, help us to perform them with laughter and kind faces, let cheerfulness abound with industry. Give us to go blithely on our business all this day, bring us to our resting beds, weary and content, and undishonored, and grant us in the end the gift of sleep."

Sincerely,

(Signed) FRANK BATTY, President,
National Retail Credit Association.

THE IMPORTANCE OF CREDIT IN BUSINESS

By SIDNEY R. BAER, Vice-President and Treasurer
Stix, Baer & Fuller Co., St. Louis, Mo.

DURING the early part of the nineteenth century, there stood a small building, an insignificant building, on an out-of-the-way street, in the city of Frankfort, Germany. Before this little building there hung a sign with some German words printed on the sign. Translated into English these words read, "At the Red Sign," and symbolized the beginning of a great banking house.

A century has passed since that day, and today the House of Rothschild is recognized as one of the great financial institutions of Europe. It was the House of Rothschild, or rather I should say the Rothschild family, who first established a chain of banking houses in the various financial centers of Europe, whereby international trade could be facilitated through the use of credit, rather than through the use of money itself, for the Rothschilds realized that while there was much danger, much risk in the transferring of a load of bullion, gold, from one place to another, there was comparatively little risk in transferring of a credit slip.

This was the beginning of the use of credit on a wide scale, which permitted a business house in one part of the world to transact its business in another part of the world by wire. This recognition of the importance of credit in business and everyday life had a prolific effect upon the stimulation of commerce and business in all of its ramifications.

Since that time the principles of banking and business have, naturally, undergone many changes. Financial and commercial thinking have become widespread and the whole world, today more than ever, knows that sound credit policy is the basis of business and commercial prosperity. In years past it was considered unethical for an individual to be in debt. Today, on the contrary, such a feeling does not exist. As a result, the average American family, according to the calculations of Dr. Franklin W. Ryan, is now nearly $400 in debt. As individuals, we have hypothecated our future salaries to the extent of some $10,500,000,000, an amount greater than all the gold in circulation in the world. This figure represents only "consumer credit," or that credit such as loans or credit made to individuals to pay for the requirements of their daily living, in their capacity as consumers.

Such forms of credit include installment credit, utilized in the purchase of the less perishable commodities, the usual charge or open-book account made by retail stores to their customers and the loans to individuals made by such institutions as industrial loan companies, banks, etc. I do not include in this figure commercial credit, utilized by business houses to finance production and the marketing of commodities, nor investment credit, evidenced by bonds and other certificates of indebtedness, maturing over a long period of years, whereby business institutions can finance, with convenience, additions to fixed capital, or permanent plants.

These debts which represent, to a very great extent, the type of credit which you gentlemen are primarily interested in, must have an important effect upon our economic machinery. It is difficult to say whether it is a good thing or bad thing, whether it has aided prosperity or whether it is, at least partly, to blame for our recent depression.

Before these questions can be answered, it might be well to analyze the transition of the economic development of this country since the war.

When the armistice was signed in 1918 industry was going at full blast, producing goods for war consumption. There was a shortage of labor, due to the fact that millions of men were overseas, resulting in high wages and full-time employment. When European nations were broken down and could not buy, consumption fell rapidly. Merchants, manufacturers and industry, generally, had large quantities of goods on hand, thereby making it necessary to cut down production, which immediately created much unemployment and proportionately minimized the American demand for commodities. As a result, prices of commodities dropped greatly and the panic of 1920 occurred with the resultant depression. When stocks were liquidated, the need of all kinds of commodities increased again, labor was again in great demand and prices began to go up. During the ten years following, America experienced the greatest prosperity in the history of the nation.

During the war industries had been busy making goods and commodities of all sorts for the armies in Europe. People of this country were thinking only in terms of Europe and not in terms of America. Building had not progressed in proportion to our needs; the railroads, which had been under Federal control, had not made adequate improvements, in order to main-

tain a high degree of efficient operation, and the manufacture of luxuries had been curtailed, because of the heavy tax placed upon them by the government.

During the subsequent ten years, this slack was being taken up, building of all sort was undertaken, the railroads appropriated enormous sums of money for much needed improvements, to rehabilitate their broken-down systems; and there was a great increased demand for the luxuries of life, by a people who had deprived themselves of these things during the war; the automobile became more of a necessity than ever before; and finally, the moving picture industry developed to gigantic proportions. Prosperity is dependent upon the capacity of labor to consume, and as labor was now fully occupied, at a high wage scale, consumption was sufficient to absorb a high degree of production.

Unfortunately, however, the temperamental American people did not seem to realize that there was a point at which production would become excessive, and that the nation could not consume all it could produce indefinitely, after the slack in all lines of business and commercial life, that had developed during the war, had been absorbed.

Stocks on the New York Stock Exchange kept rising higher and higher, their values being based not on the then present earnings, but on anticipated earnings. There seemed to be no limit to the possibilities of accomplishment and profit making in the minds of the American people. Speaking generally, everybody was buying and spending commensurate with their paper worth but beyond their income. This was possible because of the use of CREDIT. The Bureau of Foreign and Domestic Commerce, of the National Retail Credit Survey, indicates that the American people pay cash for only 58 per cent of its retail purchases, the balance, amounting to 42 per cent, being taken care of through credit.

This unlimited measure of prosperity encouraged dreams of easy money and soft living and the people of this country, as evidenced by the statistics I have just quoted, began to live to a very great extent on credit, consuming what they had not earned.

Many banks, but fortunately not the outstanding ones, overloaned themselves without taking into consideration the liquid worth of their debtors, but estimating the substantiality of their clients upon anticipated earnings. Real estate mortgage houses had experienced tremendous growth, and through real estate first mortgage loans, made it easy to finance the construction of new buildings. Unfortunately, here too, many of these real estate mortgage houses made loans beyond a reasonable proportion of the worth and value of the buildings so financed, enabling individuals and corporations to finance their projects with little or no capital. An outstanding example of overloaning in building was in the field of hotel operation, where almost anyone could finance a hotel on a shoe-string, not realizing that under such conditions, without adequate working capital, the overhead of fixed charges would make successful and profitable operation prohibitive.

This use of excess credit made possible over-expansion in all lines of business activities. Mr. Nelvin A. Traylor, president of the First National Bank of Chicago, in an address which he delivered recently, before the International Chamber of Commerce meeting at Washington, visualized to what an extent this was the case. He said:

"We emerged from the war with an industrial plant capable of satisfying the wants of our population, based upon current income. Subsequently larger and larger demands were made upon capital to finance plants and improvements until we find, today, millions upon millions of idle capital invested with its consequent heavy charges and with little likelihood of early utilization to earn its keep. As an evidence of this plant and equipment over-expansion, it is estimated that the capacity for the production of automobiles in this country is approximately eight million trucks and cars per annum, while recent estimates of the possible American market place it in the neighborhood of one-half that amount. Figures for the radio industry indicate that the maximum productive capacity is nearly three times the normal sale possibility."

When this bubble, inflated by easy profits, burst in 1929, people lost lots of money and were no longer able to obtain the excess degree of credit rendered them before. Debts could not be paid and consumption decreased. Then goods lay on the shelves of the merchants, factories closed down, workers were discharged, the railroads carried less and unemployment increased. To these influences also, last summer's drouth aggravated the situation in no small way.

The banks which had over-loaned found that their accounts were not liquid and were forced to close their doors. Buildings which had been over-financed were unable to meet their interest and amortization charges and foreclosures ensued.

The situation grew in impetus, like a snowball rolling down a hill, and the same temperamental people, who only a short while before thought that there was no limit to prosperity, have now become pessimistic to equal extent, feeling that there is no bottom to the depression and failing to realize that after all America is the greatest and richest country in the world, with agriculture and industry the basis of its existence, the soundest factors contributing to a prosperous nation. To believe that the termination of prosperity in America is at hand would presuppose the end of civilization. I think it would be well for many of us to heed the utterance of President Hoover, at Indianapolis, on Monday, when he said, "The people of this country should not only look at the hole of the doughnut, but at the doughnut itself."

Extreme pessimism today is just as unwise as unbalanced optimism, for the conditions of this country are basically sound. It is estimated that 95 per cent of the families of this country either have no income or some member of the family employed as a bread-winner. Men are today more than ever endeavoring to earn an honest

living rather than to get rich quick through speculation; savings banks have large balances; living costs are declining; and while a great many of the American people are today dependent on smaller incomes, most of them have been conservative and, therefore, are able now to purchase more goods than formerly, because of the lowered prices of commodities. Such a condition will, therefore, tend to increase the need for production which, in turn, will alleviate employment, thereby speeding the return of prosperity.

Reasonable credit must be extended to stimulate business, for prosperity cannot be restored without an increase in the purchasing power of the masses.

The depression of 1920 taught us that overstocking in order to anticipate consumption is dangerous. The depression of 1930 taught us that overextension of credit is not sound, for it stimulates overbuying and overexpansion. I believe that 1931 will teach many of us that if we now go to the other extreme and because of excessive pessimism withhold credit to sound risks, progress will be impeded and business retarded. That, ladies and gentlemen, I think is the great danger of the perspective of a great many people in this country today.

As I said at the outset of this paper, the Rothschilds taught us that credit is the foundation of business prosperity. What constitutes sound credit is not always so easy to determine. Where the line of demarcation which divides excess credit extension, which may result in frozen assets and bad loans, from unnecessary conservatism which stifles business and prevents normal consumption, is the function and responsibility of the credit manager, who, nominally speaking, is to a great extent the banker of the respective institution for which he functions. His is a great responsibility and in order to fulfill this responsibility well, he must not only have good balance, but at the same time vision and courage.

Excessive credit losses, of course, are a drain to any business, but we must not overlook the fact that should we take a position which holds down credit losses to an irreducible minimum this may mean that much business has been lost, the profit from which might have much more than offset the slight additional credit loss. The credit manager must measure at what point the climax of expansion or overextension is reached, whether he be dealing with a business institution or an individual. Had this been done during the boom, and misplaced credits minimized, the inflation of 1929 would, to some extent, have been halted and the present depression tempered.

In the field of investment and commercial credit the borrower looks to the income from property or from the sale of manufactured goods to liquidate his loan. In the case of consumer credit the borrower looks primarily to salary and wages. The entire structure of consumer credit, therefore, is based on the continuity of income from personal services. Under present conditions, therefore, while the credit manager certainly should not become unduly pessimistic, as I have just brought out, it is advisable for him to scrutinize a little more carefully his risks.

It is always in times of depression that new crops of successful businesses and new crops of successful men are created; for it is under such conditions that great opportunities present themselves which, if taken advantage of, can prove highly profitable in the future. Management must, of course, provide greater application and a higher degree of efficiency in the solution and analysis of its everyday problems, but will, I am sure, carry business successfully through the present disturbing conditions. The foundation of good management is sound credit. You gentlemen, therefore, have a field of responsibility that offers great possibility to each and every one of you, to be of maximum service, not only to your own individual institution, but, as a body, to business in general.

Just recently Calvin Coolidge made the following remarks: "Neither the State nor the Federal Government can supply the information and wisdom necessary to direct the business activities of the nation. About all that can wisely be done in this direction must be provided by trade organizations."

Knowing what I do about the constructive results achieved by the National Retail Credit Men's Association in the past, you have created a progressive and constructive program, with regard to credit policies in business for the immediate future.

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Why Not Hire Men Who Work Easily?

You can write it down that mechanical devices, like time clocks, or bonuses, or pep talks, or colored mottoes, will not make people work quickly and easily and joyously if they are not adjusted to their jobs. In one of Somerset Maugham's books the story was told of a boy who was a natural artist but who was apprenticed to a public accountant. The young man wasted a year of his own time and no one knows how much of the time and energy of his employer before he escaped to Paris.

Each of us is fitted to do certain work easily and well. We accomplish a great deal without apparent effort. If we were to try some other form of expression, on the other hand, the chances are we'd have to struggle and use infinitely more energy and would accomplish far less.

Every organization should have its jobs analyzed and then the proper workers should be fitted to those jobs. This is work that can be done in every business. It is being done successfully in many of them.—*Net Results.*

THE CREDIT GRANTER—

A Master Salesman and Building Profitable Business Through the Credit Department

By FLOYD J. HABEIN

An address delivered at the 11th Annual Credit Conference of the Pacific Northwest, Spokane, Washington.

THE subject is one that deserves considerable thought and study. A great deal has been said, and much can be said.

What a wonderful instrument credit is. What wonders it has accomplished when treated in the proper manner. What great disasters has it caused when treated improperly. No other instrument of business plays such an important part in our commercial structure. No other instrument of business is so sensitive to changes in business conditions; and truly, the credit grantor of today must be a master in order to regulate credits properly. It is within the power of the credit granters of this nation to build a firm financial structure for this commercial nation of ours, or it can wreck it. It is within the powers of the credit granters of any community to build a substantial financial structure in that community, or it can wreck it. It is within the power of the credit man of any firm or corporation to build for that firm a lasting financial structure that is profitable to the institution, or it can break it.

We have given much thought in years gone by to the buying and the selling of merchandise, and too little thought to the profitable distribution of it. We have given too little thought to the credit department of our instituion as a sales stimulator, for the credit department can be a sales stimulator in a large way; but the one in charge of that department must be a master in the art of extending credit. It requires greater training than those in charge of the sales or buying departments. Almost anyone, with little training, can sell to a degree. If he proves to be a poor salesman nothing much is lost but perhaps a few sales; but the master salesman is the credit man. He must know the science of business. He must study every individual case, for it is up to him to show a profit on the credit sales at the end of the fiscal year. He has it within his power to retard progress of his institution; yet he, as a master salesman, stimulates the sales, and larger profits for his institution.

Truly the credit man can be called the "master salesman."

We, as credit men, regulate the volume of credit in this country. We contribute to the expansion of business in no small way; but in order to do our duty to the fullest extent and to maintain the firmness of our financial structures, we must study; we must know facts in regard to our customers and facts in regard to our community's income; we must know the habits and tastes of the people in that community; we must be students of psychology and of human nature, and be diplomats at all times. Too many instances have come to our attention wherein sales were stimulated by the extension of credit by those untrained in the art of credit salesmanship and financial ruin followed.

With this background you can view the picture of the power of the credit man, and you will realize to some extent your importance as credit men. It is the credit man who directs this nation's business. The importance of the credit man has not in past business history been fully recognized by the nation's leading business men. Yet through our associations and the passing through such periods as the one from which we are now emerging, his importance is being brought to our attention more strongly than ever before. The situation of a few years ago, when the credit man was no more than a clerk, is fast changing. It now appears that the credit departments of our larger institutions are considered the backbone of the business—not alone from the standpoint of passing on a credit application, but for the stimulation of profitable business.

I am going to give you a few examples of how some have taken advantage of the use of this credit instrument and have built profitable volume—a few in my own territory—outstanding examples in a small way:

A small grocer in a Montana city a few years ago was sold a membership in his local credit bureau on the grounds that he could build a large and more profitable business by the use of the instrument "credit." Credit as a sales stimulator was explained to him. He was shown how he could meet competition that was closing in on him by the cut-rate chain stores. He was doing a small cash business of approximately $30,000 annually. He was hard to sell the idea to, but he gave the matter serious thought and signed the application for membership in his local association, which gave him the use of the local credit bureau. He began to study the matter from every angle, and he went after profitable credit business. He figured out how long he could carry an account at a profit. He knew what his turnover record should be in order to operate successfully. He is now doing

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The Credit Granter

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an annual volume of a little better than $100,000, increased from $30,000 two years ago. Seventy-five thousand dollars of that $100,000 is done on credit terms, with a loss of less than one-quarter of one per cent, with the same ratio of turnover on his accounts receivable as his annual merchandise turnover record. Was not he a master salesman, increasing his business $70,000 in two years? He made a study of credit salesmanship. He is a small merchant who knows his customers. He knows his customer's ability. He has established a credit policy which is part of his sales policy.

Just another example of credit salesmanship practiced by a credit man of a large firm:

A customer was in the market and wanted a $5,000 a month line of credit—a nice account if paid promptly. The parties requesting the credit were new. They applied to one firm who was not a member of the credit association or bureau. This firm had difficulty in securing information in regard to this prospect sufficient to justify approval of the credit, so they turned down the application. Another firm in the same line of business was bidding for the business. That firm was a member of the association and used the credit bureau. They asked for a detailed report on the applicant; in fact, asked for a special report. The bureau secured the information and the second firm sold the applicant, and was very glad to do so because the record revealed that, without question, the account would be a satisfactory and profitable one. The credit manager of the second firm knew credit salesmanship and was not handicapped by his firm not willing to spend a few dollars for the credit report—a maximum in this case of $15. As a result, the second firm secured the business, all through proper credit supervision.

While perhaps too many of us do not realize it, yet the cheapest and the most profitable salesman any firm has is their credit department. No one wants unprofitable business, of course; but we all do want the profitable business. The spirit of co-operation should always prevail between the sales and the credit departments. This cannot be accomplished by the inexperienced credit man or those without vision, or the one who tries to see how many times he can say "no" during a month. The true credit salesmanship attitude should be how many times he can say "yes" with a profit to the firm that he represents.

Before I conclude, allow me to give you another example within the realm of my own experience:

Two grocerymen almost side by side on the same street. One says "No, I am on a cash basis now; I have had enough of this credit business. I have been in this business for thirty years, and I do not believe in credits." This groceryman had had some experience with the credit game. He is still carrying many thousands of dollars on his books that he has been trying to collect since the time that he went on a cash basis; but he has not learned the value of credit. He is now only doing about $20,000 annually and losing money.

One of his former clerks—a bright young man—opened up a few doors from his former employer; invested $1,000, $500 of which he borrowed from a relative. He had nerve and confidence. He did not fear chain store competition—three of them within a few blocks of his location. His first move was to sit down with a city directory. He listed on a sheet of paper all the families in that neighborhood. Then he joined the credit association and the credit bureau, paid his initiation fee, and $150 for ratings on the list that he submitted. Then he opened his store and invited those with good records to open accounts with him—in fact put in a ledger sheet for each one, because, he said he eventually would have them as his customers anyway and would have it ready when they came in to open the account. Within a period of sixteen months he had a volume of $60,000 of good credit customers. His former employer, with his store within a short distance, still says "No, the credit business cannot be handled profitably." But his clerk, with little capital invested, is doing it, discounting his bills simply because he has learned credit salesmanship.

Too many of us have had the habit of bragging about our volume, but what does volume mean without a profit? The independent merchant today has a great opportunity to study the subject of credits and where he can use it to advantage. He can, if he will, become a master credit salesman and profit thereby. Many thousands of the independent merchants of today are using the instrument in building profitable volume, meeting cash competition, and meeting it successfully by the use of the instrument credit.

What would our commercial picture be today in this period of so-called depression if all credit granters of this nation had been masters in the art of granting credit? If all had studied conditions, consumption, production, ability, and all the facts that the master in the art must know in order to best fill his office of credit salesman; if all credit granters had co-operated 100 per cent; if all of us had had good sound credit policies? I believe that if such had been the case, that our commercial picture today would be one of prosperity. I believe that the heads of our businesses today were too eager to build volume, gambling with the ultimate results. In fact, we have too few masters in the art of credit salesmanship. It is not the idle dollars in our banks or the idle dollars on our books that make for prosperity. It is the dollar that keeps moving that is doing its part in building the financial commercial structure of this nation. If the commercial institutions of this nation had one, two or three more turnovers on receivables each year than they have, you can see what a wonderful difference it would make in our present period of quiet business.

Truly, credit is the most important of business instruments—too delicate an instrument to be handled by untrained men and those without vision. It must be handled by those men who are masters, with vision, men of analytic ability, students of commercial science—the master salesman of world trade.

Credit Education Inserts

TO PROMOTE CUSTOMER-UNDERSTANDING OF CREDIT

The inserts reproduced below will help you to overcome the public's lack of credit-understanding—providing convenient, inexpensive "prompt-pay" messages that you can enclose with all your statements and collection letters.

INOFFENSIVE

In polite wording they show the customer THE ADVANTAGE OF PAYING PROMPTLY. You can enclose them with all your statements without fear of offending anyone.

INEXPENSIVE

They will reach your customers at a cost of only two-tenths of a cent per customer!

LOWER COLLECTION COSTS

They cut collection costs. Collection letters cost money—so do telephone calls and collectors' calls. Anything you can do to promote prompt payments is going to eliminate that much of this dead expense. And quicker collection turnover means faster capital turnover—MORE PROFIT.

Six inserts in the series—printed in two colors: Borders and initials in red, balance in black. Size 3 1/8 x 6 inches, to fit statement envelopes.

Prices: $2.50 per thousand—$2.00 a thousand in lots of 5000 or more. Postpaid

NATIONAL RETAIL CREDIT ASSOCIATION

1218 Olive Street, SAINT LOUIS

I am the Foundation of Prosperity!

I AM the lifeblood of business—the buying medium of millions of consumers.

I keep the industries of the nation at work, providing employment for everyone.

I am the wheel of finance, providing a steady flow of income to the worker, the merchant, the manufacturer, and back again to the worker.

I am the foundation of prosperity—

I AM CREDIT!

Help keep the nation prosperous—pay retail bills promptly.

National Retail Credit Association

Executive Offices — Saint Louis

"O.K."—*What it means*

THAT little notation, "O.K.", on your charge slips, is the badge of honor of the retail charge account.

It means that your credit is good—that you pay your bills promptly and according to promises.

It means that the merchant has confidence in your integrity.

"O.K." is the index of your credit record. Protect it and preserve it—pay retail bills promptly.

National Retail Credit Association

Executive Offices — Saint Louis

Credit is Faith in Humanity

CREDIT—derived from the Latin *credo: I believe*—is based on faith—faith in people—faith in their character and determination to, as Emerson says, "pay every debt as if God wrote the bill!"

And he who justifies that faith, who pays his bills according to terms and promises, builds a credit record that is priceless.

Credit, never abused, is never refused. Pay retail bills promptly.

National Retail Credit Association

Executive Offices — Saint Louis

Like the Sterling Mark on Silver!

A GOOD credit record is like the "Sterling" mark on silver—identifying its possessor as one of sterling character.

Your credit record—your credit standing in your community—is the measuring line by which you are judged, especially by those in business.

"Pays promptly" is an identification mark of unquestioned integrity—like the "Sterling" mark on silver.

Prompt payment of retail bills—on the 10th of each month—is the foundation of a high credit record.

National Retail Credit Association

Executive Offices — Saint Louis

The "Who's Who" of Business

NOT all of us have our names recorded in "Who's Who" or the Social Register but—

All of us, whether in high or low estate, are catalogued in the "Who's Who" of Business—the records of the Retail Credit Bureau.

Here on a little card is kept the life history of your credit record—of how you meet your obligations or don't.

"Prompt Pay," the highest tribute in the "Who's Who" of Business, is the record of those who pay retail bills on the 10th of each month.

National Retail Credit Association

Executive Offices — Saint Louis

The 10th of the Month Is Merchants' Pay Day!

THE retail merchant is a public servant. He serves you faithfully and well and, like any other faithful servant, expects his payment when due.

Retail charge accounts today are based on standard monthly terms:

Each month's charges are due on the 10th of the following month.

Whether you are an employer or an employee, you know what "pay day" means!

The 10th is the merchant's pay day. Pay him promptly. Prompt payments promote prosperity and protect your credit.

National Retail Credit Association

Executive Offices — Saint Louis

Bd. Per. Bus. Org.